



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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FISCAL YEAR 2007 DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL – H.R. 5384

SUMMARY

The Department of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill reported to the House on 12 May 2006 (H.R.5384; H.Rept. 109-463) provides new budget authority equal to the \$17.8 billion suballocation for that bill. Accordingly, the bill complies with provisions of the Congressional Budget Act regarding consideration of appropriations measures.

The bill also complies with provisions of the budget resolution regarding emergency-designated appropriations and advance appropriations: the bill contains neither.

As has traditionally been the case, the Agriculture bill contains numerous instances of legislative language making changes in mandatory programs that offset discretionary appropriations contained in the bill. These changes include provisions that would increase mandatory spending for certain programs that would otherwise lapse in the coming fiscal year in addition to provisions that would decrease mandatory spending for certain program that would otherwise be allowed to spend more. As discussed in more detail below, the net effect of such language on discretionary budget authority is a \$592-million reduction in 2007, and a \$1.5-billion increase in the 2007-11 period.

COST OF THE LEGISLATION

As noted, the bill provides \$17.8 billion in net new budget authority [BA], and \$19.5 billion in outlays for 2007 (see Table 1 below).

Compared with fiscal year 2006, this is a decrease of \$620 million in BA and an increase of \$443 million in outlays. The difference between 2006 and 2007, however, is much narrower when adjusted for the net change in mandatory spending that offsets discretionary BA. Without these

changes, discretionary BA provided by the bill would total to \$18.4 billion in BA – \$28 million below 2006 – and outlays would reach \$19.7 billion, a \$647-million increase.

The committee bill exceeds the President's budget request by \$396 million in budget authority and by \$128 million in outlays. (The request is also below the 2006 enacted level because it likewise proposes many of the same savings from mandatory programs.)

Table 1: Department of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
(fiscal years; millions of dollars)

	2006 Spending ^a	Administration 2007	302 (b) for 2007	Bill ^b
Budget Authority	18,432	17,416	17,812	17,812
Outlays	19,084	19,399	19,519	19,527

^a Excludes emergency-designated appropriations.

^b Includes spending from changes in mandatory programs.

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This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of all the committee's members.

Table 2: Discretionary Spending in the Department of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill
(in millions of dollars)

	2006 Budget Authority ^a	2006 Outlays ^a	2007 Budget Authority ^b	2007 Outlays ^b	Difference BA	Difference Outlays
Department of Agriculture	16,856	17,532	16,155	17,900	-701	368
<i>Agricultural Research Service</i>	1,254	1,253	1,198	1,188	-56	-65
<i>Cooperative State Research Education and Extension Service</i>	1,185	1,097	1,174	1,165	-11	68
<i>Animal Plant Health Inspection Service</i>	812	853	904	901	92	48
<i>Food Safety and Inspection Service</i>	829	828	853	850	24	22
<i>Farm Service Agency</i>	1,483	1,519	1,586	1,706	103	187
<i>Natural Resources Conservation Service</i>	1,286	1,282	396	974	-890	-308
<i>Rural Development</i>	836	875	883	1,081	47	206
<i>Rural Housing Service</i>	1,463	1,642	1,120	1,702	-343	60
<i>Foreign Agricultural Service</i>	1,428	1,545	1,482	1,532	54	-13
<i>Food and Nutrition Service</i>	5,481	5,551	5,595	5,625	114	74
<i>Other, Department of Agriculture</i>	799	1,087	964	1,176	165	89
HHS - Food and Drug Administration	1,475	1,450	1,543	1,517	68	67
Other	<u>101</u>	<u>102</u>	<u>114</u>	<u>110</u>	<u>13</u>	<u>8</u>
Total	18,432	19,084	17,812	19,527	-620	443

^a Excludes emergency-designated appropriations.
^b Includes spending from changes in mandatory programs.

COMPLIANCE WITH THE BUDGET ACT

Levels for enforcement of the Congressional Budget Act are found in H.Con.Res. 376, which is effective in the House as a budget resolution conference report. The Appropriations Committee has submitted suballocations to its subcommittees (H.Rept. 109- 471) that sum to the \$873-billion discretionary level contained in the resolution.

This measure as reported provides new BA equal to the subcommittee allocation, so is in compliance with the Budget Act provisions regarding consideration of appropriations measures in excess of the suballocation.

Outlays are \$8 million above the suballocation, but there is not prohibition against exceeding that suballocation in the House. The bill does not cause a breach of the budgetary aggregates for BA or outlays, which would violate the Budget Act.

In addition to Budget Act spending rules, the budget resolution also provides guidelines for emergency designated appropriations, and appropriations for fiscal years beyond the budget year (so-called “advance appropriations”). As noted, the bill contains neither.

DISCUSSION

As can be seen on Table 2, the total cost of the bill is \$620 million below the 2006 levels for the discretionary programs it funds. The year-over-year decline is due to routine changes in mandatory programs that score as discretionary savings in 2007. As a result, the 2007 level appears to be below 2006 when in fact the 2 years have virtually the same levels of overall discretionary spending. Without the changes in mandatory programs the appropriations bill would exceed the 302(b)suballocation for its subcommittee.

Savings in mandatory programs were achieved by placing limits on several of the mandatory programs authorized for the first time in the 2002 farm bill, rather than changing the larger and older price and income supports and food and nutrition programs run by U.S. Department of Agriculture [USDA]. In practice, the measure limits spending below authorized levels on the new conservation programs and prohibits spending altogether on many of the new programs authorized under the 2002 farm bill – including programs for

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agricultural research, area and regional development, and alternative energy.

Savings achieved by these limitations are reduced by extending the Milk Income Loss Contract [MILC] program for the final month of 2007, costing \$40 million. The 5-year cost of the provision is \$1.8 billion because the 1-month extension assures that MILC expires at the same time as the rest of the 2002 farm bill – and by scorekeeping conventions the spending is assumed to continue.

The bill as reported also extends the peanut storage program for an additional year. This program pays for storage costs and handling for peanuts placed under the market loan program. The program was created in the 2002 farm bill, but current law only covers storage costs through the 2006 peanut marketing year (ending in July 2007). The 1-year extension costs \$77 million in 2008. The bill as reported also includes directed scoring language to require that this cost not be extended into the future, unlike the MILC program, where the cost will be assumed to continue.

Taking into account the changes in mandatory programs in this bill, the USDA would receive \$18.4 billion in

discretionary appropriations for 2007, a decrease of \$109 million from comparable 2006 amounts. Relative to the administration request, the USDA would receive discretionary appropriations that are \$982 million above the request.

Other items of note include:

- *Agricultural Research Service* - After having grown by 6 percent per year since 2000, BA will decline by about 5 percent, or \$56 million, relative to 2006, which is less than the \$245 million decline proposed by the administration.
- *Inspection Services* - BA for both the Animal and Plant Inspection Service and the Food Safety Inspection Service has been growing by more than 5 percent annually since 2000. In 2007, Food Safety was increased by more than 10 percent, but Animal and Plant Inspection was increased by less than 3 percent.
- *Food and Drug Administration [FDA]* - The bill also provides \$1.5 billion in discretionary BA to the FDA, an increase of \$68 million from 2006 levels.

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